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# NASA Procedural Requirements

**COMPLIANCE IS MANDATORY**

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## **Subject: NASA Equipment Management Procedural Requirements**

**Responsible Office: Logistics Management Division**

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## **Chapter 3: Equipment Administrative Procedures and Use**

### **3.1 Equipment Control**

3.1.1 Purpose. This chapter is intended primarily for equipment management personnel. It applies to Center-held equipment and sets forth the administrative requirements for establishing and maintaining the following:

- a. Equipment identification and accountability.
- b. Procedures for reporting on lost, damaged, or destroyed equipment.
- c. Equipment loan procedures.
- d. Offsite use of Government equipment by employees.

#### 3.1.2 Controlled Equipment Classification and Control

3.1.2.1 Pursuant to the policy set forth in NPD 4200.1, Equipment Management, each NASA Center shall establish and maintain local procedures, meeting NEMS requirements for the administrative control of equipment. The procedures will apply to all equipment classifications. Such equipment shall be referred to generically as controlled equipment. Center polices shall, at a minimum, meet the requirements of this section.

##### 3.1.2.2 Centers shall control all equipment:

- a. All capital equipment, with an acquisition cost of \$100,000 or more and with an estimated useful life of two years or greater that is not consumed in an experiment.
- b. All other equipment items with an acquisition cost of \$5,000 to \$99,999 (noncapital) and items identified and designated as sensitive items with an acquisition cost of \$500 or more shall be recorded and controlled under the procedures prescribed in this section. The sensitive item equipment list can be found in Appendix C.

3.1.2.3 The Equipment Type Accounts set forth in Appendix B are consistent with the Federal Supply Classification Code. The two-digit Federal Supply Group (FSG) shall be used to classify controlled equipment, reconcile and report capitalized equipment to finance, and determine the useful life of capitalized equipment.

3.1.2.4 Centers shall establish control of equipment within 3-5 days of receipt and acceptance, by marking the equipment with an ECN and entering the required data into the property database. For financial purposes, capital property records are considered to be subsidiary records to the NASA general ledger accounts.

3.1.2.5 Centers shall assign an ECN and control each system, subsystem, or part of a subsystem that meets the criteria for control and is supplied as a unit of controlled equipment on an acquisition document when:

- a. Component equipment items of the system or subsystem are interchangeable.
- b. Spare component equipment items are held for replacement of like component equipment items except when they are identified as Line Replaceable Units in an inventory management system.

c. They are stocked in a supply management repair program that controls repairable equipment items by issue location.

3.1.2.6 When acquisition documents do not identify equipment to the component level, Centers will enlist the assistance of technical personnel to identify and establish whether component equipment items meet any of the qualifications for control as prescribed under paragraphs 3.1.2.2 and 3.1.2.4.

3.1.2.7 When noncapital equipment is furnished to a contractor, the contractor's records shall serve as NASA's "stewardship" or custodial records for that equipment.

a. Centers may retire, to history, equipment records for furnished equipment when the equipment has an acquisition value under the capitalization threshold, upon delivery to, and receipt by the contractor. When this equipment is no longer needed by the contractor and returned, Centers shall activate retired records of equipment for NASA use.

b. Further transactions to noncapital items must be recorded through contract and contract-related documentation and other external systems, such as the Plant Clearance Automated Reutilization Screening System (PCARSS).

3.1.2.8 To facilitate financial recordkeeping and reporting, Centers will continue to maintain property records for all Government-furnished equipment with an acquisition cost exceeding the capitalization threshold. All transactions associated with these items, such as a change of custody between contractors, must be recorded and documents of the changes retained.

a. Center procedures shall require a review of the transfer documents to ensure that they reflect accurate and complete information as identified in NASA FAR Supplement 1845.7101-2. Each transfer document should clearly and separately identify any capital equipment that will be furnished to a contractor.

b. Centers shall establish a custodial account for each contract with Government furnished capital equipment. Three standard characters, "GFP" (Government Furnished Property), will appear in the first three characters of the custodian account field to differentiate between GFP and NASA-held property accounts for reporting. The Contracting Officer's Technical Representative (COTR) shall serve as the property custodian for these accounts.

c. Centers shall transfer all property that meets the capitalization threshold to these accounts.

d. Centers shall process and record changes in custody between contractors and contracts as changes to property custodial accounts. This includes changes between contracts with the same contractor, such as follow-on contracts.

e. Changes in custody between contractors holding contracts issued by different Centers shall require a corresponding inter-Center transfer.

f. Centers shall retire items to history when contractors report those items on contract disposal documents or when the contractor advises that they have been consumed (obsolescence is not the equivalent of consumption) during the production of the end-item deliverable or when they have lost their identity by incorporation into a contract deliverable. Center Industrial Property Officers, delegated Property Administrators, and Plant Clearance Officers will assist in collecting and disseminating documentation of these transactions.

3.1.2.9 New equipment that is received, delivered, and accepted (by a NASA official) will remain at a contractor's facility for use on the contract. This equipment shall be classified as "delivered in place." When the cost reported to the property system from the financial records exceeds the capitalization threshold, Centers shall:

a. Add the equipment to the equipment records.

b. Furnish the equipment to the contractor using the same receiving, transfer, and contract documentation as used for other capital-valued GFP.

c. Transfer the property to the custodial account assigned to the contract.

d. Require that a reconciliation process be established to reconcile capitalized asset transfers on a monthly basis and include with that process a formal confirmation between the gaining and losing parties.

3.1.2.10 Contractors are required by regulation to identify and appropriately segregate Government property in their possession. As a result, it is not necessary to provide a NASA ECN to the contractor for equipment which is "delivered in place" when these items can be recorded using unique identification techniques. Centers shall develop and implement procedures to ensure the collection of unique identification information by the receiving official, as necessary.

a. Unique identification consists, at minimum, of a combination of the manufacturer (cage) code and serial number.

b. The serial number must be clearly and permanently marked on the item.

### 3.1.3 Noncontrolled Equipment

3.1.3.1 Noncontrolled equipment includes items with an acquisition cost of less than \$5,000 and that are not

classified as sensitive. Each Center shall develop internal procedures for managers, custodians, and users on the "what and how" of handling noncontrolled equipment. Such equipment shall be processed with appropriate documentation after receipt.

3.1.3.2 Each item of noncontrolled equipment shall be affixed with a "Property of U.S. Government" decal, NASA Form 1517 or 1517a, except when not physically or technologically feasible. Smaller versions of the decal are also available for use on small items of noncontrolled equipment. The use of the NASA Form 1517 on noncontrolled office furniture is optional.

#### 3.1.4 Experimental and Fabricated Equipment

3.1.4.1 Center equipment that is designed or fabricated and meets the criteria for controlled equipment shall be controlled under procedures 3.1.2.2, except equipment integrated with test articles being experimented on and subject to frequent configuration change. If subsequent to experiment use an item's configuration and use becomes stable and otherwise meets the criteria for controlled equipment, Centers shall establish equipment control in accordance with this chapter.

3.1.4.2 Centers will monitor sources and locations of experimental and fabricated equipment to ensure that appropriate equipment control actions are accomplished when such equipment meets the criteria for control.

#### 3.1.5 Equipment Located at NASA Centers Other Than the Funding Center

3.1.5.1 Center or location having possession of the equipment shall be responsible for equipment control and accountability regardless of geographical separation from the funding or acquiring Center except under short-term loans of equipment for tests, inspections, and other uses.

3.1.5.2 The Center responsible for administration of a contract is responsible for control and accountability of equipment furnished to that contract.

#### 3.1.6 Equipment Directly Delivered to Nonfunding Centers

3.1.6.1 When equipment is directly delivered to another Center, the Center responsible for the procurement of the equipment must control the equipment until accountability and control are transferred to and accepted by the Center that received the shipment.

##### 3.1.6.2 Establishing Control:

- a. The receiving Center is responsible for security of received property, regardless of the funding or procuring Center.
- b. The procuring Center's SEMO shall provide all available acquisition information to the receiving Center's SEMO when they become aware of situations in which equipment acquired by their Center procurement activity will be directly delivered to another Center. If the procuring Center differs from the funding Center, the procuring Center's SEMO will also provide all available acquisition information to the funding Center's SEMO.
- c. The receiving Center's SEMO will receive the equipment and send a copy of all receiving and inspection documentation to the funding Center's Equipment Manager and Center Deputy Chief Financial Officer. The receiving documentation will contain sufficient information to establish an equipment record.
- d. The funding Center's Equipment Manager shall add the equipment item(s) to the property data base according to and on receipt of the receiving and inspection documentation.
- e. As soon as possible after processing receipt of the item, the funding Center's Equipment Manager shall process a transfer transaction to the receiving Center.
- f. The receiving Center's Equipment Manager shall process transactions to receive the transferred property from the funding Center. The receiving Center's Equipment Manager shall retain the receipt and inspection form and contract or purchase order as the authorizing source documents.
- g. The receiving Center will return appropriate documentation to the funding Center's Equipment Manager to acknowledge receipt and acceptance of the equipment, with a copy to the receiving and funding Center Deputy Chief Financial Officer.

3.1.6.3 The receiving Center shall report (to the funding Center) that the equipment has been received, accepted, and tagged. The NEMS Equipment Manager shall immediately process a NEMS Transaction 01 (Receipt by Purchase - NASA Funded), using the contract or purchase order as the authorizing source document. Receiving documentation provided by the receiving Center will be forwarded to the Financial Management Office for costing and disbursement. NEMS Transaction 65 (Transfer to Another NASA Center) and shall be processed in NEMS, using the shipping document as the authorizing source document.

#### 3.1.7 Equipment Found on Station (FOS)

3.1.7.1 The Center SEMO shall take immediate action to establish equipment accountability and control of all items found that meet the control criteria but that are not controlled in the Center's equipment records.

3.1.7.2 The Center SEMO is responsible for ensuring that a documented investigation is conducted for each case to determine the circumstances that allowed the equipment to be onsite (at the Center) without equipment management control. NASA Form 1618, Found on Station Equipment Investigation, will be used to document the circumstances and investigations (instructions are contained on the reverse side of the form).

3.1.7.3 Upon conclusion of the investigation, the SEMO will analyze all findings and facts developed and forward a report to upper management, if necessary, recommending corrective actions necessary to prevent similar occurrences.

### 3.1.8 Classified Equipment

3.1.8.1 The NEMS shall be used throughout the Agency to identify, control, and account for Government-owned equipment acquired by or in use by NASA, which includes equipment that processes national security information and meets the parameters established by NPD 4200.1A. The only exceptions are Communications Security (COMSEC) materials and equipment, which are addressed separately under paragraph 3.1.8.2., and national security systems equipment deemed to be classified having Operations Security (OPSEC) impact. In such rare cases, only the NASA Principal Accreditation Authority (PAA) may exempt such equipment from NEMS, which shall be documented and placed in the applicable System Security Authority Agreement / System Security Plan (SSAA/SSP) and requires the NASA Designated Approval Authority/Certifying Authority (DAA/CA) to implement equipment accountability equivalent to or more stringent than NEMS. The tagging and tracking of national security systems equipment in the NEMS shall be done in such a way as to not divulge the security characteristics of the system or national security information itself. OPSEC shall be factored into the accounting process and dictate the specifics. National security systems shall be appropriately sanitized prior to access for tagging and accounting requirements by NEMS personnel. Classified magnetic media or National Security System (NSS) output shall not be placed into the NEMS process.

3.1.8.2 COMSEC materials and equipment (e.g., secure telephones) protect our Nation's most sensitive national security interests; they require special processes, special clearances, and special access. Only individuals with a need-to-know shall have access to COMSEC materials and equipment. Therefore, NASA COMSEC materials and equipment shall participate in the national Consolidated Material Control System (CMCS) process for accountability and shall not be entered into the NEMS.

3.1.9 Furniture and Furnishings. Office furniture and furnishings under \$5,000 are noncontrolled items; however, group records may be established and maintained by location, property management area, or Center.

3.1.10 Vendor-Owned Equipment Onsite. When a vendor installs or uses vendor-owned equipment at a NASA Center, for any reason, and retains title, such equipment must be clearly identified as being the property of that vendor.

3.1.11 Centers that allow employee-owned equipment onsite must ensure that such equipment is clearly identified as being the personal equipment of the employee.

3.1.12 Contractor Equipment Onsite. Pursuant to NASA FAR Supplement 1852.245-77, contractors must secure written consent from their responsible contracting officers, prior to their use (at a NASA facility), of equipment owned or leased by the contractors or of other equipment for which the contractors are accountable under any other Government contracts.

## 3.2 Controlled-Equipment Accountability

3.2.1 Purpose. This section sets forth requirements for establishing and maintaining effective controlled-equipment accountability that provides a continuous audit trail of an item from receipt until transfer of accountability or disposal.

3.2.2 ECN. Each item of controlled equipment will be physically identified with a singular ECN (See paragraph 3.2.4).

3.2.3 ECN Register. Each Center shall establish and maintain an ECN register. The SEMO will use the register to control the distribution of the ECN tags. The register will include the following data: ECN, signature of person(s) accepting blocks of tags prior to assignment, and date assigned or tagged.

3.2.4 Tagging of Equipment. Each item of controlled equipment, to include Flight Hardware Class I, Class II, and Class III, shall be affixed with an ECN tag upon receipt, inspection, and acceptance at the Center. This number will be affixed by means of a NEMS bar-coded tag or a mini bar-coded tag for small components and firmly affixed in a conspicuous place, preferably on the front of the item. The number may be etched or painted on items not conducive to the application of tags. As an additional option for assets that cannot be physically tagged due to form, fit, and/or function (e.g. the parent ECN/record for a system), a virtual tagging process shall be developed to assign a NEMS ECN that will be documented for audit purposes. This process shall be applied by exception only and could

include putting the tag on the NF 1602, picture, or other traceable document." For virtual tagging, a request must be submitted in writing by the user with a detailed explanation to justify this exception. This request will be submitted to the SEMO for approval.

### 3.2.5 Reconciliation, Adjustment, and Reporting of Property Records and Financial Accounts Balances.

3.2.5.1 As required, a monthly reconciliation and adjustment of property records and general ledger accounts shall be conducted. Each Center Deputy Chief Financial Officer and SEMO shall establish a monthly transaction cutoff date to facilitate reconciliation. The Center Deputy Financial Officer and the SEMO will jointly sign the annual Analyses of Fixed Assets Report, NASA Form 1490, to reflect the agreed-upon ending balances that shall be utilized for financial reporting purposes.

3.2.5.2 The Analyses of Fixed Assets Report, NASA Form 1490, the account balances submitted via the accounting system (SAP), and the financial controls identified by Financial Management Requirement Volume 6, Chapter 4, Section 0801E must be in agreement.

3.2.6 Control of Documents. The Center shall develop detail procedures to ensure that all documentation and transactions affecting the accountable records, such as additions, deletions, and cost adjustments, are serially controlled and processed promptly. The Equipment Manager will ensure that copies of this documentation are maintained using microfiche or microfilm, electronic storage, or other methods deemed to be economical and responsive to this paragraph.

3.2.7 Receiving and Inspection of Equipment. Each Center shall establish a centralized receiving location for the processing of controlled items. Upon receipt of purchased equipment and prior to acceptance, an inspection must be conducted to ensure that the items received are consistent with the requirements of the acquisitions documents. The equipment will be inspected for possible damage and defects. If the item is delivered to the employee (desk top delivery), the employee receiving the item shall immediately take the purchased equipment to the central receiving location where accountability will be determined. Accountability shall be established for controlled equipment by preparing the documentation necessary for entering the equipment data into the NEMS database. Equipment delivered on a DD Form 250, Material Inspection and Receiving Report, or equivalent acceptance document or method, shall be fully priced per line item. An incomplete DD Form 250 will be referred to the appropriate contracting officer for correction. The assigned ECN are to be annotated on the receipt and inspection report along with any serial number, model numbers, or other appropriate identifying markings.

3.2.7.1 Other receipts of equipment shall be received and reviewed against the accompanying shipping documentation and, if accountable to the Center as controlled equipment, assigned an ECN the same as purchased equipment. Controlled equipment transferred in from another NASA Center retains the ECN assigned by the initial acquiring Center.

3.2.7.2 Equipment entering the Center on loan or lease shall be handled and identified as required (See paragraph 3.4.9).

3.2.7.3 It is the user's responsibility to immediately notify the property custodian/SEMO of all controlled items purchased via credit card. Each Center must establish internal procedures to ensure that items purchased by this method are properly controlled and tagged. This would include hazardous material controls if appropriate.

3.2.8 Shipment of Equipment. Equipment to be hand-carried or shipped from the Center shall be documented and coordinated with the SEMO prior to the physical movement of the equipment to ensure that the proper actions and any adjustments are made to the NEMS equipment control records.

### 3.2.9 Removal of Tags and Other NASA Identification

3.2.9.1 The control number tag or other NASA identification shall be removed or obliterated when NASA control of equipment is discontinued, except for equipment shipped to a contractor as Government-Furnished Equipment. The number shall be canceled by the current accountable Center, but annotated on the reference document used to support the removal of the item from the NEMS control records.

3.2.9.2 Equipment shipped to contractors as Government-Furnished Equipment under their contracts shall retain the NEMS control tags or other NASA identification.

3.2.10 Removal of Equipment from the Center for Repair under the Terms of a Warranty. The Center shall maintain equipment control over equipment that is removed from the Center for repair, calibration, or under the terms of a purchase warranty.

## 3.3 Equipment Loans

3.3.1 Purpose. This section sets forth the authority, requirements, responsibilities, and procedures for authorizing and accomplishing the loan of NASA equipment. This section does not apply to the equipment loan policy for NASA employees or Center support contractor(s).

3.3.2 Policy. Loans made external to NASA must be made by an appropriate instrument. These loan agreements must be reviewed by the Office of the Chief Counsel (for equipment at a Center) or Office of the General Counsel (for equipment at Headquarters) and other appropriate officials and approved by the Center SEMO in accordance with the provisions or procedures of NPD 4200.1.

### 3.3.3 Procedures

3.3.3.1 Any NASA employee receiving a request for the external loan of NASA equipment will refer the request to the Center SEMO. Contacts regarding proposed loans should be made far enough in advance to permit orderly review and approval of the request and timely preparation of the necessary documentation.

3.3.3.2 The SEMO will coordinate loan requests with the user organizations. The division director or designee will certify that the equipment to be loaned may be released without adversely affecting Center requirements.

3.3.3.3 When the concurrence of the authorizing official has been obtained and the loan is to be made external to NASA, the SEMO will determine the appropriate method for accomplishing the loan.

3.3.3.4 If the loan is to be made to another NASA Center, it is not considered external but referred to as a "borrow" in NEMS.

3.3.3.5 If the loan is effected pursuant to the terms of any other type of agreement, the loan documents, correspondence, subordinate loan agreements, and shipping documents will be approved by the SEMO.

3.3.3.6 If the loan is to be effected with any foreign government or organization, it will be approved by the Office of External Relations, NASA Headquarters.

3.3.3.7 The actual physical movement of the equipment will be coordinated with the Center SEMO.

3.3.3.8 For each loan, the SEMO will ensure that a case file is established containing appropriate copies of authorizing agreements and all other pertinent supporting documentation.

## 3.4 Loan of Equipment to Government and Non-Government Organizations

3.4.5.1 NASA equipment may be loaned to Government and non-Government organizations, private individuals, corporations, or other entities, provided the loan is in the public interest and meets the following criteria:

- a. The borrower has both the facilities and capability to secure and safely operate the equipment.
- b. The loan will be temporary.
- c. It will benefit the Government.
- d. The borrower acquires no rights to the equipment.
- e. The equipment is not modified.
- f. The Center SEMO approves and, where applicable, the Office of the Chief Counsel (or the Office of the General Counsel for Headquarters property) concurs.

3.4.5.2 Custodian records of loaned or borrowed equipment will continue to be maintained by the lending property custodian. All loans off the Center will be made as prescribed.

3.4.5.3 Loans of equipment for use at home or for telecommuting initiatives must be necessary or beneficial to the conduct of NASA's missions or other official Government purposes.

3.4.6 Policy and Procedures for the Loan of NASA Equipment to Profit-Making Organizations for Purposes Not Covered in a Procurement Contract or Other Agreement.

3.4.6.1 NASA equipment may be made available to profit-making organizations only for purposes authorized by the Space Act and specified in the loan agreement. Loans of equipment under this paragraph must be authorized and approved by the Center Director or designee.

3.4.6.2 Before an equipment loan is accomplished, the following will be included in the supporting loan file:

- a. A statement from the user organization that release of equipment will not adversely impact the organization's operations.
- b. Coordination with the Center procurement officer to ensure that the user will not receive an unfair competitive advantage for a Government contract.
- c. A determination of whether monetary consideration will be required for use of the property.

3.4.6.3 Each loan and its supporting file will be concurred on and approved by the Office of the Chief Counsel (or the Office of the General Counsel, as appropriate) before execution by the Center SEMO or designee.

3.4.6.4 NASA Headquarters, Logistics Division shall be provided executed copies of all loan agreements involving equipment costing \$100,000 or more.

#### 3.4.7 Inventory Control of Loans (Other Than Employee Loans) and Leases

3.4.7.1 The authorizing officials will ensure that each loan agreement shall not exceed one year initially. It will contain a provision requiring the borrower to report and certify annually to the lending Center SEMO, on the anniversary date of the loan, a recertification statement. The recertification statement shall contain the identification number assigned to the equipment, its name, current location, date physically sighted, current use, and validation of the requirement for continuation of the loan.

3.4.7.2 The SEMO or designee shall develop and maintain a suspense system for loans and leased equipment to ensure that equipment is returned or leases are extended. A Loaned Equipment Expiration Report and a NEMS Report 133, Leased Out Equipment Return Candidate List, can be generated to review the status and expiration of loans or leased equipment. If loan extensions are determined necessary, the loaning officials will submit a recertification statement. Authorizing officials must review and certify extension of expired leases before renewal to ensure outgoing leases do not exceed temporary use policy.

#### 3.4.8 Control of Incoming Loans and Leases

3.4.8.1 All incoming loans and leases of equipment that meet the criteria for control, regardless of source, shall be processed at the time of receipt by the SEMO. Leased equipment under NASA-wide contracts, such as cost-per-copy-service contracts, are exempt.

3.4.8.2 Any organization loaning or leasing equipment to NASA must have a written agreement with NASA, stating the loan purpose and period.

3.4.8.3 All loaned or leased equipment meeting the criteria for control shall be entered in NEMS under the following guidelines:

- a. Equipment identified in writing for lease or loan for 60 calendar days or less need not be accountable in NEMS if appropriate documentation is on file in the equipment organization and equipment is physically identified as belonging to the borrower. The borrower is responsible for returning the equipment, through the equipment organization, within 60 calendar days.
- b. For equipment meeting control criteria, adequate controls shall be established by processing NEMS Transaction 8 (Receipt from Lease In) or Transaction 9 (Receipt from Loan In), as appropriate.
- c. The cost for incoming loaned and leased items will be the estimated original acquisition cost (See Appendix F).
- d. The NEMS Equipment Manager will request a NEMS Report 130, Loaned In Equipment Expiration Report, monthly. This report generates all incoming loans due to expire within 30 days of the date of the report. The using official must review the loan requirement and arrange for return of the loaned equipment or request extension from the authorizing official of the loaning organization.
- e. The NEMS Equipment Manager will request, as required, NEMS Report 132, Leased In Equipment Return Candidate List. This report generates all incoming leases due to expire within a selected date range. The using official must review the lease requirement and arrange for return of the leased equipment or request an extension from the authorizing official of the leasing organization.

3.4.8.4 As required by Financial Management Requirement Volume 6, Chapter 4, leased equipment is also subject to capitalization if the original acquisition cost is \$100,000 or more, the useful life is two years or more, and the terms of the agreement are equivalent to an installment purchase. Installment purchase means one of the following:

- a. The lease can be converted to ownership at end of lease.
- b. The lease contains option to purchase at a bargain price.
- c. The noncancelable length of lease is equal to or greater than 75 percent of the estimated economic life.
- d. The present value of rental or other minimum lease payments equals or exceeds 90 percent of the fair market value.
- e. Criteria (c) and (d) do not apply if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property.

3.4.8.5 All incoming leased equipment shall be reviewed by the financial management organization to determine when capitalization requirements apply. When financial management determines that a leased item will be subject to capitalization, the NEMS Equipment Manager shall do the following:

- a. Ensure that the Loan or Lease Document Number field begins with a "C."

b. Request NEMS Report 136, Leased Equipment Subject to Capitalization, as of September 30 each year. Forward Report 136 to the financial management organization by October 4, for preparation of the Analysis of Leases Report, according to Financial Management Requirement, Volume 6, Chapter 4.

3.4.9 Identification of Equipment on Loan or Lease to the Center. Each Center shall affix a NEMS bar-coded loan or lease tag to incoming loaned or leased equipment at the time of receipt to show clearly that such equipment is not owned by the Center.

3.4.10 Leased Equipment Converted to Purchase. When NASA takes title to a leased item, the bar-coded paper lease tag should be replaced with a bar-coded permanent tag, and the item should be processed into NEMS with Transaction 21 (Lease to Purchase). The add transaction should record the original lease tag number in the previous ECN field and record the estimated fair market value in the Cost field. The leased record is then deleted in NEMS with Transaction 87 (Conversion of Lease to Purchase).

3.4.11 Control of Borrows between Custodians or between NASA Centers. To differentiate internal loans from external loans within NEMS, the term "borrow" is used for items moving within NASA for temporary use. Borrows are initiated by one custodian at the request of another custodian at the same-Center or by one NASA Center at the request of another NASA Center. For same-Center borrows, NEMS Transaction 38, Borrowed Out, should be used; for intra-Center borrows, NEMS Transaction 65 should be used. NEMS generates monthly suspense reports based on this activity. Return of a borrowed item to an accountable custodian is accomplished with Transaction 39, Borrowed Out or Returned (same-Center) or Transaction 04, Receipt by Transfer - From NASA Installation (intra-Center). The SEMO or NEMS Equipment Manager or designee will initiate another NASA Center's equipment borrow request through locally established documentation. Upon request, NEMS Report 134 (Borrowed Equipment Return Candidate List) and NEMS Report 350 (Borrow Out Greater Than One Year) may be generated to ensure equipment return or transfer.

## 3.5 Removal and Use of Equipment by Employees

3.5.1 Purpose. This section describes procedures and responsibilities for the onsite and offsite removal of Government equipment, (controlled and noncontrolled) by NASA civil service or onsite contractors.

### 3.5.2 General Policy

3.5.2.1 Center equipment may be temporarily loaned to employees for use at home or elsewhere when the authorizing official determines it is necessary or beneficial in the conduct of NASA's missions or other official Government purposes.

3.5.2.2 Determinations shall be made in writing and will specify the purpose and loan period. Loan extensions shall be requested prior to the expiration date of the loan. Equipment will be returned when the specified purpose for the loan is no longer valid or at the end of the approved loan period, whichever is earlier. Flexible workplace agreements may contain provisions for long-term equipment loans to individual employees. Equipment loaned in this manner need not be returned for inventory/inspection until the agreement is terminated.

3.5.2.3 Employee loans shall be issued for an initial period of up to six months or upon completion of the project if shorter. Renewal beyond the initial six-month period must be reviewed by the division director and approved by the SEMO. If the equipment is required beyond 12 months, (a new loan request will not be required) the employee will submit a written explanation requesting continued use of the item. The request will be forwarded to the appropriate approving authority, using the original loan number and data from the original loan request.

### 3.5.3 Approval to Remove

3.5.3.1 Approval to remove equipment from the Center for offsite use by a NASA employee will be granted by the division director and approved by the Equipment Manager, provided the request is in accordance with the policy of this paragraph and Center policy. The division director must also provide certification that removal of the property will not adversely affect the performance of official duties in the division by the requesting employee or any other division employee and that the equipment being removed is not excess equipment. For onsite contractors, the additional approval of the Contracting Officer's Technical Representative (COTR) and the contracting officer shall be required before removal.

3.5.3.2 Failure to meet these policy requirements can lead to disciplinary action for the employee, especially if loss, damage, or destruction occurs during the removal period.

### 3.5.4 Procedures

3.5.4.1 Prior to the removal of Government-owned equipment from a NASA Center (for offsite use), the requester will perform the following:

a. For Short-Term Loans (not to exceed 30 days): The loan shall be documented using NASA Form 892 Property Removal Permit or equivalent.

b. Loans exceeding 30 days (but less than 180 days) shall be documented using a Center loan agreement between NASA and the borrowing employee.

c. Loan documentation shall indicate the requester's name and organization identification, the purpose for use and removal of the equipment, and an explanation of why the official use cannot be accomplished onsite during normal business hours. Loan agreements must be approved by the division director and concurred on by the Equipment Manager.

d. The requester will submit the NASA Form 892 to the property custodian for signature. A copy of the NASA Form 892 or loan agreement shall be retained by the applicable property custodian until return of the equipment has been verified.

e. The requester will return the equipment by the date shown on the NASA Form 892 or loan agreement or request an extension beyond the originally approved period. The extension shall be submitted in writing to the division director and submitted to the Equipment Manager for final approval.

3.5.4.2 Loans of controlled equipment exceeding 30 days shall be annotated using NEMS Transaction 38 (Borrowed Out). When the equipment is returned, NEMS Transaction 39 (Borrowed Out Returned) will be processed to update NEMS.

3.5.4.3 Center loan agreements shall specifically detail the responsibilities of the employee with regard to the proper care and treatment of the equipment and will clearly state that the employee is subject to disciplinary action or pecuniary liability resulting from loss, theft, damage, destruction, negligence, misuse, dishonesty, or wanton and willful misconduct.

3.5.4.4 Employees will notify the responsible property custodian when the loaned equipment is returned. The property custodian will provide appropriate notification to the Equipment Manager.

### 3.5.5 Limited Personal Use of Government Office Equipment Including Information Technology

3.5.5.1 In accordance with NPD 2540.1F, Personal Use of Government Office Equipment Including Information Technology, NASA employees may use Government office equipment for personal needs if the use does not interfere with official business and involves minimal additional expense to the Government. This limited personal use of Government office equipment should not take place during the employee's scheduled work time, with limited exceptions including brief exchanges of information with doctors' offices, car repair shops, child care facilities, and schools during their establishment's regular office hours. Employees are specifically prohibited from using Government office equipment to maintain or support a personal private business or to assist relatives, friends, or other persons in such activities. For further definition of "Limited Personal Use," employees are encouraged to review NPD 2540.1F or contact their local Equipment Manager.

3.5.6 Shipping Equipment by Center. The NASA Form 892 shall not be used in lieu of a shipping document. In cases where shipment by the Center is required, a properly prepared shipping document will accompany the equipment. A shipping document must be prepared for items of equipment that are hand-carried.

## 3.6 Equipment Use

3.6.1 Purpose. This section establishes guidelines for the use, custody, care, and reporting of controlled equipment while in the hands of using organizations.

### 3.6.2 Property Management Areas

3.6.2.1 A responsible organization must require that the appointed property custodians ensure effective control and surveillance of areas where controlled equipment is maintained. The SEMO is required to establishment a property custodial account number for each area. The custodial account number will identify all controlled equipment assigned within the area for which the management of the user organization is responsible. The account number will be used for recording transactions against the account in the Center's NEMS database.

### 3.6.3 Assignment and Responsibilities of Property Custodians

3.6.3.1 A property custodian shall be assigned for each defined property management area. The duties of the property custodian are set forth in NPR 4200.2, NASA Equipment Management Manual for Property Custodians.

3.6.3.2 All equipment shall be assigned to a primary user. The primary user will assume responsibility for stewardship of the equipment and should report any changes of status, location, or user to the property custodian.

### 3.6.4 Walk-Through Inspections

3.6.4.1 Walk-through inspections are required by FPMR Sections 25.109-25.109-2 and 101-43.101, and shall be performed by each division director, or designee, accompanied by the property custodian. The walk-through inspection will include all locations both onsite and offsite for each property management area for the following purpose:

a. Identifying inactive or underused equipment (for reutilization) that is no longer required or which is expected to become inactive in the near future. The equipment will be routinely inspected to ensure that scheduled or necessary maintenance is being performed and that the equipment is up to date and in keeping with established performance requirements.

3.6.4.2 Each NEMS item identified as inactive, including those in storage, will be reported to the NEMS Equipment Manager.

3.6.4.3 A Memorandum for the Record, covering the results of the walk-through, will be prepared by the division director. A copy shall be maintained on file by each property custodian for each property management area, and a copy will be forwarded to the SEMO.

3.6.4.4 The SEMO shall prepare a report annually for the Center Director, describing the previous calendar year's walk-through program and results.

### 3.6.5 Sensitive Equipment Items

3.6.5.1 Equipment items that have an acquisition cost of \$500 or more and are easily pilfered and desirable for personal use shall be identified as sensitive equipment. Weapons and other potentially hazardous equipment items, that are dangerous in nature, shall be controlled as sensitive, regardless of cost or value.

3.6.5.2 Appendix C of this NPR identifies required items of equipment that must be controlled as sensitive. The attached chart should help in determining what should be controlled and what should not be controlled. Additionally, Center policy can prescribe more rigorous requirements than Agency policy but cannot prescribe less rigorous policy. (For example, you could choose to control a camera even if it is less than \$500. However, if it is more than \$500, you must control it). The Center SEMO must submit a request to NASA Headquarters to add items to the Agency's Sensitive Item List, with detailed justification to support the item(s) being considered sensitive. Approval or disapproval will be made by the NASA Headquarters, LMO.

3.6.5.3 Each property custodian shall establish the following special controls for the sensitive items that have been identified in their respective NEMS account(s):

a. Sensitive items shall be assigned to a primary user. The property custodian will obtain the user's signature on NASA Form 1602. After completion, the form will be submitted to NEMS Control (See Appendix A.54) for processing if the property custodian module is not used. There are two property custodian modules, mainframe and Web-based. The primary user assumes responsibility for surveillance of the sensitive items and should report to the property custodian any changes of equipment status, location, or user.

b. Sensitive items will be secured, when practical, when not in use.

c. Sensitive items will not be out of the possession or control of the person to whom they are assigned.

d. All loans of sensitive items will be revalidated as required policies; however, sensitive items in Center-wide pools are exempt from this revalidation requirement.

e. The assigned primary user must be able to produce all sensitive items not on current documented loan within 24 hours.

f. Due to their inherent potential for being pilfered, special care should be taken to ensure that underutilized or idle sensitive items are properly secured.

3.6.5.4 At the discretion of the SEMO, an unannounced special inventory of sensitive items may be conducted. The inventory shall be performed by property management personnel or contractor representatives. This special inventory shall verify that special controls have been established and that all sensitive items are accounted for as required. The SEMO can provide the listings by using NEMS Report 140 (Custodian Account Property Record) selecting sensitive items only.

### 3.6.6 Cannibalization of Equipment

3.6.6.1 With prior written request from the responsible division director, equipment may be cannibalized (See Appendix A, Definition of Terms) when justified to fulfill equipment requirements. Written approval from the SEMO has to be obtained prior to disassembly of equipment. This approval shall be documented using NASA Form 1617, Request for Cannibalization or Modification of Controlled Equipment.

3.6.6.2 Requests will include the equipment control number and a brief description to include the make, model, serial number, and value of the item to be cannibalized. Additionally, it shall include a brief statement as to the reason for the cannibalization and whether or not the cannibalized item will be retained for future use. Cannibalization or modification requirements do not apply to the removal and replacement of system components for operational purposes.

3.6.6.3 An approved NASA Form 1617 shall be submitted to the NEMS Equipment Manager for appropriate

adjustment of the equipment control record. Any residual unused materials will be turned in for reutilization or disposal. When cannibalized capital equipment is removed from the NEMS database, the adjustments will be submitted to the Center financial management organization.

3.6.6.4 In those cases where an item that has been modified will continue to function and only the value has changed, the new value for the item still must be reported to the Equipment Manager on NASA Form 1617 for adjustment of the equipment and financial control record, as appropriate. Modifications to equipment require an adjustment to the equipment and financial records when the modification cost will affect the value of the item to increase above \$99,999 or decrease below \$100,000. The SEMO will ensure notification to the Deputy Chief Financial Officer of the cost change.

3.6.6.5 Normally, equipment available from other NASA Centers, contractors, or other Government agencies will not be acquired solely for cannibalization. Exceptions to this rule will require directorate or higher-level approval. The NEMS Equipment Manager will maintain the approval document in the equipment entry reference number microfilm or in the microfiche source document file for the item(s) acquired.

3.6.7 Retention of Inactive Equipment. The nature of NASA operations occasionally makes it desirable to retain equipment, not in current use, for a specified time for other potential needs before further disposition. Equipment may be retained in an inactive status by the Center for one of the following specific purposes and under the conditions indicated.

3.6.7.1 Firm Future Requirement. A firm future requirement may be considered a specific purpose for equipment retention, provided that the equipment has been identified for use on a project, program, or other work activity, the planning of which has been approved by the Center Director. All equipment held for firm requirements shall be recertified annually by the director of the owning organization.

3.6.7.2 Heritage Asset. Equipment may only be classified as a heritage asset and retained by the Center in an inactive status if it meets one or more of the following criteria: (See FMR Volume 6, Chapter 4, for Heritage information).

- a. Historical or natural significance.
- b. Cultural, education, or artistic (e.g., aesthetic) importance.
- c. Significant architectural characteristics.

3.6.7.3 Retention of equipment designated by the Center Director for emergency standby purposes may be justified. The director of the owning organization, for continued retention, will review this equipment annually.

### 3.6.8 Reporting and Control of Inactive Equipment Retained by NASA Centers

3.6.8.1 The equipment held in an inactive status shall be reported to the SEMO for further processing in accordance with existing storage guidelines:

- a. The turn-in document will be annotated to reflect the purpose for retention and the length of time the equipment is to be held.
- b. The equipment transaction documentation will reflect pertinent data relating to the inactive designation of the equipment, including the results of cyclic review and recertification.
- c. All inactive equipment subject to reutilization screening shall be classified as status code B (See Appendix F).
- d. Equipment that is not readily movable or is specifically located for emergency purposes should be held in place and tagged to indicate its inactive status.
- e. For continued retention of inactive equipment, an annual written recertification shall be provided by the division director or designee of the storing organization.
- f. The SEMO shall submit, monthly, a list of all inactive equipment to the Deputy Chief Financial Officer so that the item may be removed from the financial records.

### 3.6.9 Unconditional Donations of Property to NASA from Entities other than Federal Agencies

3.6.9.1 NASA may accept unconditional donations of property from external entities (i.e. private industry, academia) provided that the external entity submit, in writing to the Center, that the donation is unconditional. The written statement from the external entity should also specify the property being donated to include an item description, model number, serial number, and fair market value. Additionally, the NASA technical organization wanting the property should submit a justification to the Equipment Management organization stating how the property will be utilized. The written statement from the external entity along with the justification from the technical organization will be submitted to the Equipment Management organization. The Equipment Management official will review the statement from the external entity and the justification from the technical organization. If the justification indicates that the property will be actively utilized, all documentation will be forwarded to the Center's Office of the Chief

Counsel to review. If the Office of the Chief Counsel indicates there is no legal reason why the property cannot be accepted, SEMO approval will be obtained. After SEMO approval, the entity will be notified to release the property to NASA. Once received by the Center, the property will be processed in accordance with NPR 4200.1.

### 3.6.10 Artifacts

3.6.10.1 The handling of artifacts shall follow the procedures stated in NPR 4310.1, Identification and Disposition of NASA Artifacts.

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